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SUBJECT: CORA INVESTMENT DISPUTE NEAR RESOLUTION?

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¶1. (SBU) Summary. A joint delegation of representatives of Cora shareholders and the Ivoirian government expressed strong optimism to the Ambassador July 26 that the Cora dispute is very close to a final resolution. They will meet with the Prime Minister about this July 27. The Ambassador welcomed this news, but cautioned that the government is very short of money and deeply preoccupied with the country's political crisis. It is encouraging that Prime Minister Banny is apparently giving this matter his personal attention at this difficult moment for him politically. However, we have been told before that this deal is almost done -- we will believe it when we see it. End Summary.

¶2. (U) Representatives of the government of Cote d'Ivoire and the Cora de Comstar shareholders briefed the Ambassador July 26 on the state of play on the Cora de Comstar business dispute. Representing the government were Guy M'bengue, head of APEX-CI (the Cote d'Ivoire Export Promotion Agency), and Jared Genser, from Piper Rudnick Gray Carey, the law firm representing the Ivoirian government in Washington on this matter. Representing the shareholders was Babatunde Soyoye, Managing Director from Helios Investment Partners, an advisor to the Modern Africa Two Fund.

¶3. (SBU) M'bengue explained that there had been an internal Ivoirian government meeting the previous day at which all four agencies involved in this matter were represented: the Ministry of Telecommunications, the Prime Minister's Office, the Ministry of Finance, and the Ivoirian Telecommunications Agency (ATCI). He said that it was confirmed at this meeting that the government will expeditiously settle the Cora dispute on the terms of the agreement in principle that was reached in February 2006, according to which the government is to give Cora shareholders either USD 6 million in cash or an irrevocable letter of credit in that amount which would come due on December 31, 2006 if the government is unable to raise the USD 6 million from the sale of Cora's license by then. It was also decided at that meeting that the same interagency group would meet with Babatunde and Genser in the afternoon of July 26, and the Prime Minister would meet with them July 27. Genser noted that ATCI's revocation of Cora's license (reftel) had been done without the knowledge of the other agencies involved, and that ATCI had subsequently been instructed to suspend the revocation. M'bengue and Genser repeatedly stressed their optimism that this dispute is very close to a final resolution, though they could not guarantee that it would be resolved during Babatunde and Genser's two-day visit. Genser pointed to his very presence on this joint mission with Babatunde, at the Finance Minister's request, as evidence of the sincerity of the government's intentions.

¶4. (SBU) Babatunde expressed the same optimism, though he

noted that if a final resolution is not reached during his visit, the shareholders will want a firm deadline to be imposed, after which the shareholders will get their license back if the matter remains unresolved. He noted that Helios Investment Partners is a new USD 300 million investment fund, with half of its capital coming from the United States, which intends to invest 70 percent of its capital in West Africa. He said the fund is extremely interested in investing in Cote d'Ivoire, but cannot do so as long as the Cora dispute remains unresolved. Genser noted that Piper Rudnick Gray Cary has repeatedly advised the Ivoirian government to resolve this dispute without delay, because it is the right thing to do but also because this would be an important step toward restoration of AGOA benefits and attracting more American investment. However, he acknowledged that there are a number of other benchmarks to be reached before AGOA can be restored.

¶15. (SBU) The Ambassador said he was delighted to hear that the Cora dispute might be close to resolution. However, he cautioned that the Ivoirian government is currently very short of money and deeply preoccupied with the country's protracted political crisis. He assured Babatunde that we would continue to follow this issue closely and to press the government to put the matter behind it.

¶16. (SBU) Comment. In Cote d'Ivoire's fractured and crisis-driven political environment, it is encouraging to hear that four government agencies are apparently working together in a business-like manner to resolve this investment dispute. It is even more encouraging that Prime Minister Banny is apparently giving this matter his personal attention at this difficult moment for him politically. However, we have been told before that this deal is almost done -- we will believe it when we see it. End Comment.  
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